

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 L-03
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P 040238Z PEB 78
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN PRIORITY
AMEMBASSY JIDDA PRIORITY
INFO SECDEF PRIORITY

C O N F I D E N T I A L STATE 029920

E.O. 11652: GDS

TAGS: MASS, JO, SA, US

SUBJECT: JORDANIAN FMS PAYMENTS

REF: A)AMMAN 1079; B) JIDDA 803; C) AMMAN 1078

1. IN THE NEW ARRANGEMENTS DESCRIBED REFTELS, THERE ARE AGAIN DIFFERING JORDANIAN AND SAUDI DESCRIPTIONS. AMMAN'S CABLES INDICATE THAT THE SAUDI DOLS 150 MILLION DONATION WILL BE FOR THE FY 1976 AND 1977 ARRANGEMENTS EXCLUSIVELY. NO MENTION IS MADE OF THE FY 1975 LOAN. JIDDA'S REPORT INDICATES THAT THE SAUDI CONTRIBUTION WOULD COVER PREVIOUS OBLIGATIONS--MEANING FY 1975 AND 1976--WITH ANYTHING LEFT OVER FOR JORDANIAN USE ON OTHER MATTERS, AND THAT SAUDIS WOULD NOT GUARANTEE NEW OBLIGATIONS, MEANING THOSE FOR FY 1977 AND 1978.

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2. THE UNPAID BALANCE (BOTH PRINCIPAL AND INTEREST, BASED ON MEETING THE CURRENT REPAYMENT SCHEDULE) ON THE FY 1975 LOAN IS DOLS 34.4 MILLION; TOTAL PRINCIPAL STILL TO BE PAID ON THE FY 1976 LOAN IS DOLS 82.5 MILLION.

3. IF THE SAUDI EXPLANATION IN JIDDA'S 803 IS CORRECT, WE

WILL NOT BE ABLE TO RELEASE JORDAN'S FY 77 FMS CREDITS OF
DOLS 75 MILLION. THE FY 77 FMS AGREEMENT, WHICH THE GOJ

HAS ALREADY SIGNED, INCLUDES A CLAUSE, COPIED FROM THE FY
76 AGREEMENT, REQUIRING A THIRD COUNTRY GUARANTEE. IN THE
ABSENCE OF ADEQUATE ASSURANCES OF REPAYMENT, WE COULD NOT
EXECUTE SUCH A LOAN.

4. WOULD APPRECIATE POSTS' COMMENTS OR CLARIFICATIONS ON
DIFFERING JORDANIAN AND SAUDI EXPLANATIONS.

5. AMMAN: CAN YOU CONFIRM WHETHER GOJ RECEIVED THE FIRST
SAUDI PAYMENT DUE FEBRUARY 1?

6. JIDDA: IT APPEARS EVIDENT THAT SAG IS AWARE THAT THE
NEWLY PROPOSED ARRANGEMENT DOES NOT RELEASE SAG AS
GUARANTOR FOR THE FY 75 AND FY 76 LOANS. IF THE GOJ DOES
NOT MAKE THESE PAYMENTS AS PROPOSED, FFB WILL OF COURSE
TURN TO SAG AS GUARANTOR FOR PAYMENT. VANCE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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